

PASTORALIST LIVELIHOOD INITIATIVE LIVESTOCK MARKET MONITORING BULLETIN

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Bi-weekly Bulletin



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ACDI/VOCA would like to give special thanks to contributing organizations and bulletins such as our PLI partners. Specifically we would like to thank FEWS NET, NOAA, GLEWS, LINKS GLCRSP, The Reporter and The Economist.



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1. Introduction

1. Situational Analysis from Pastoral Lowlands

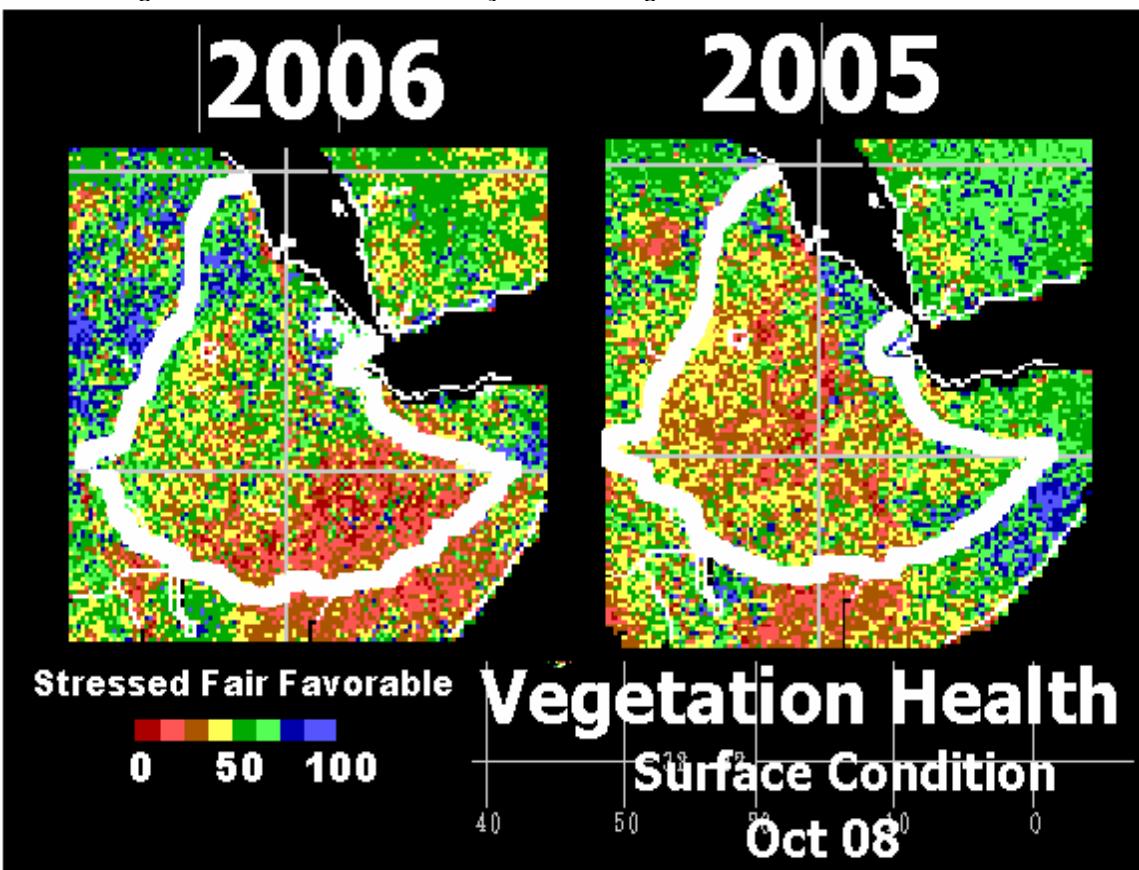
Situational Summary

Field reports have indicated that in southern Somali Region and Southern Oromia Region rainfall has been adequate if not above normal. This has been confirmed by the rainfall data graphs and maps in the Weather Analysis section. It is interesting to note that in Afar, despite the good NDVI vegetation cover, the pasture index is showing one alert and two warnings, which is more than either Somali or Oromia regions. The market condition in all regions looks good.

1.1.1 Weather Analysis

Rainfall Estimate and NDVI Maps

The map below compares the state of vegetation between October 8th of 2006 and October 8th of 2005. Blue shows good vegetation, green indicates fair vegetation, yellow indicates slightly stressed vegetation and red indicates very stressed vegetation.

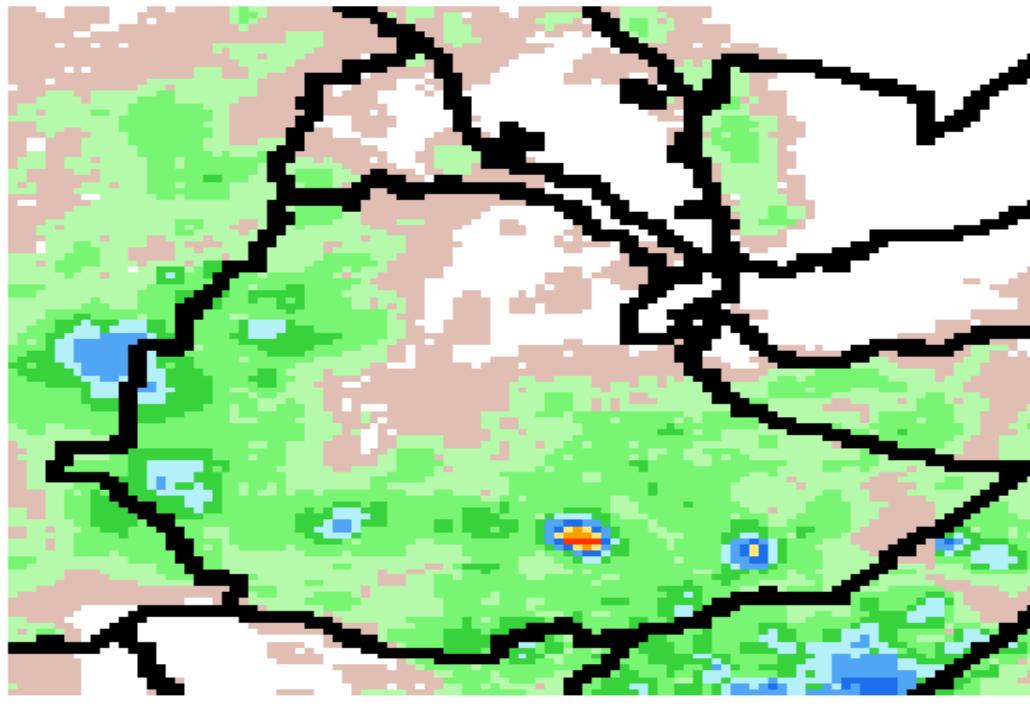


Here are rainfall maps for a 10 day period between October 1st and 10th.¹ The top map shows the rainfall **difference** from normal average. The bottom map shows the **actual** rainfall for the ten day period. Most of Ethiopia appears to have average or above average rainfall for this period. Despite the lack of rainfall in southern Borena Zone and southern Somali Region, this is normal for this period.

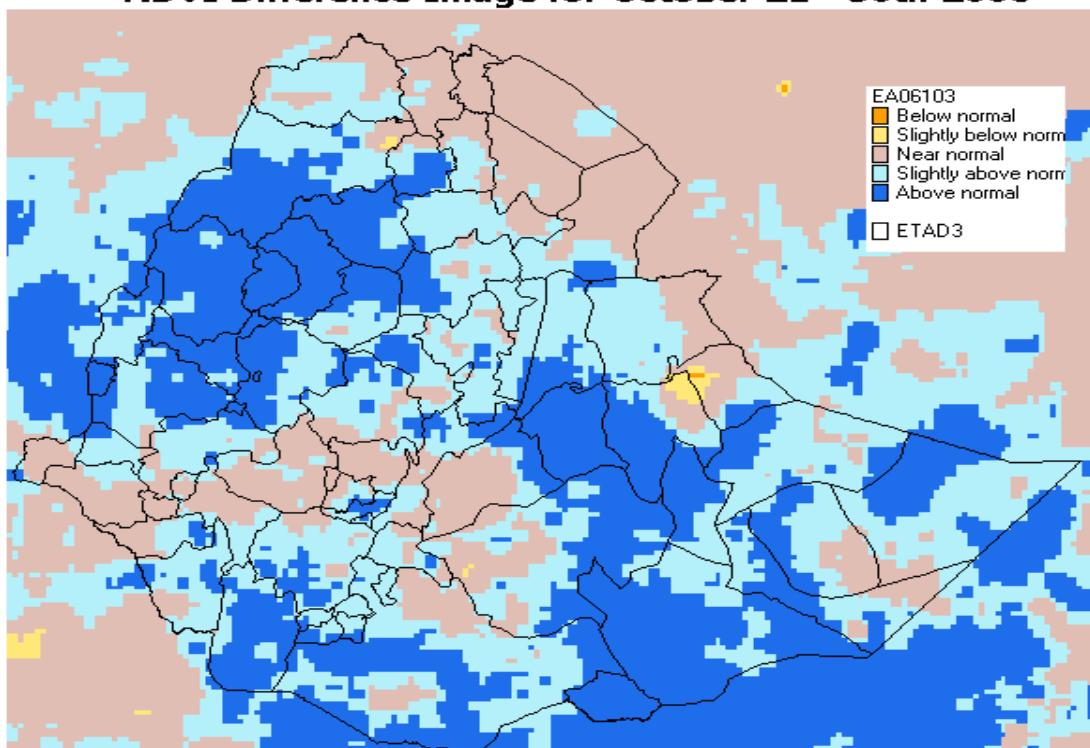
¹ For maps on rainfall estimate data and NDVI data please refer to:
<http://www.cpc.ncep.noaa.gov/products/fews/africa/briefing.html>

NOAA CPC FEWS-NET Rainfall Estimate (mm):
based on Satellite and Rain Gauge Data

OCTOBER 11–20 2006



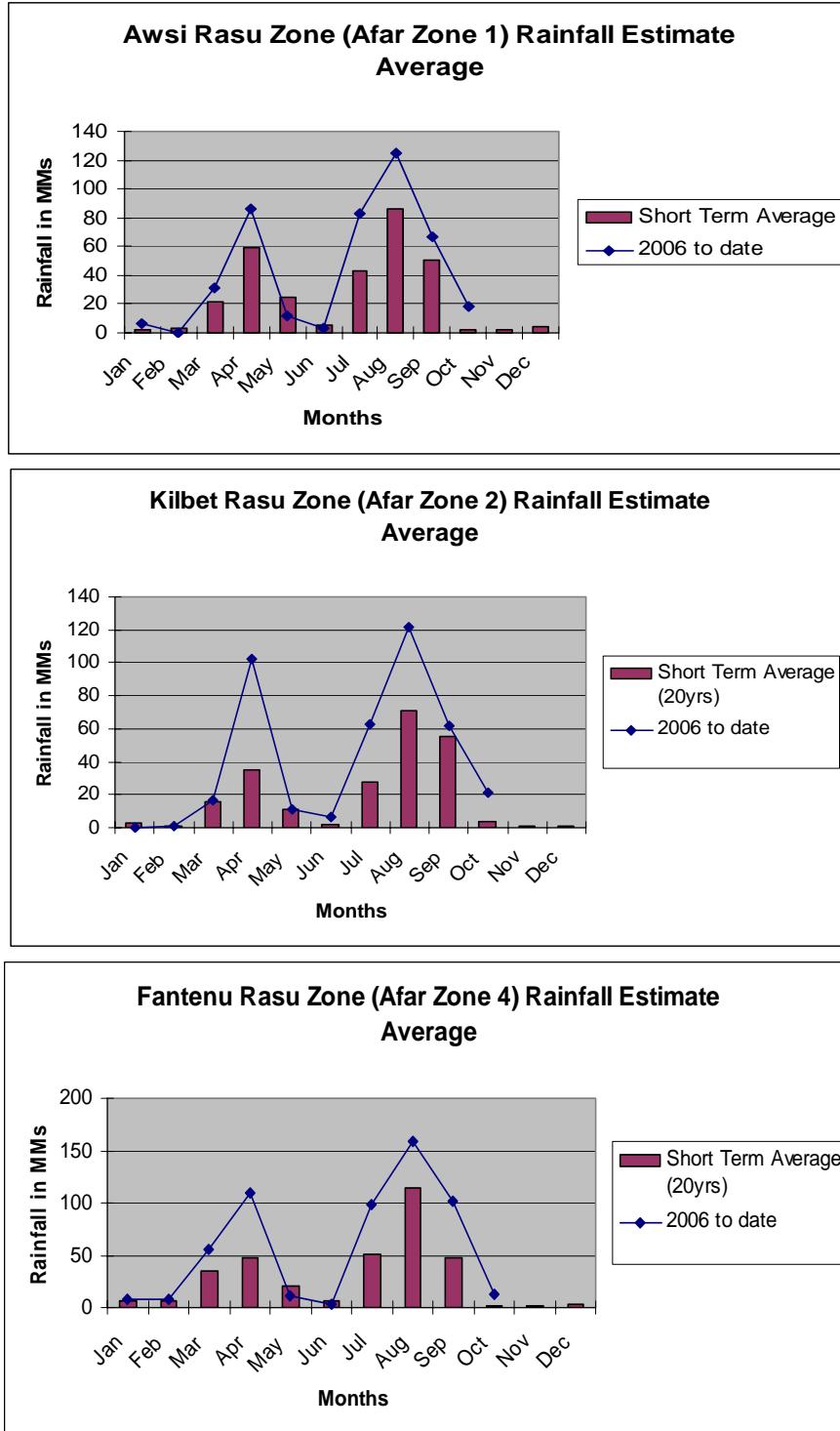
NDVI Difference Image for October 21 - 30th 2006

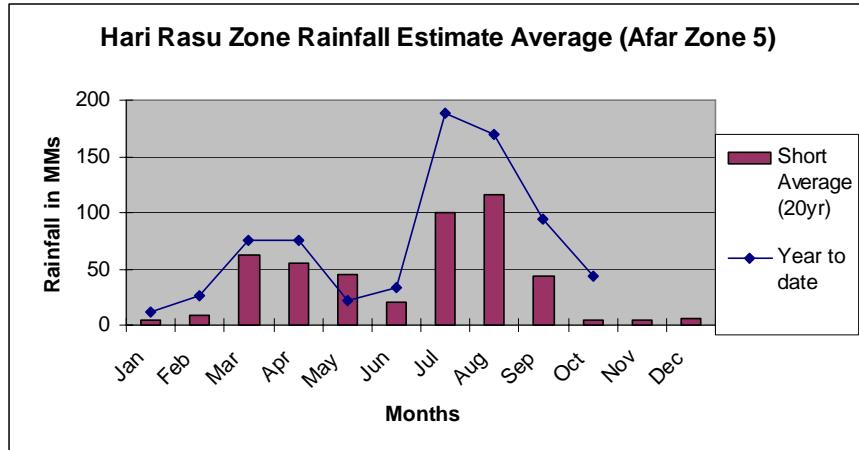


Rainfall Estimate Data for the Year to Date

Afar Region

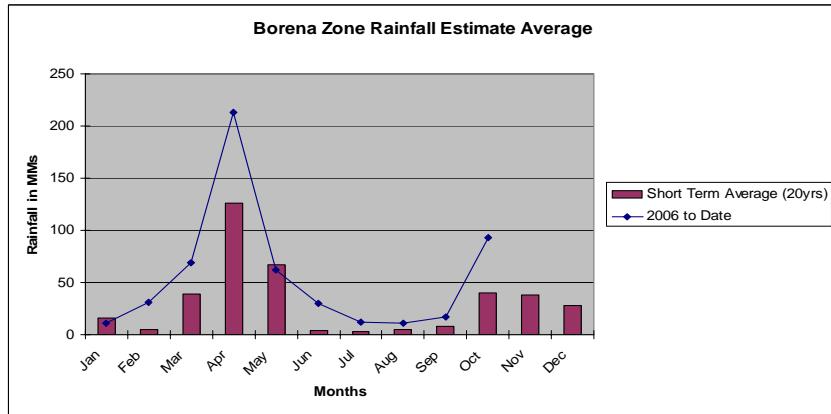
Please note from data displayed in these graphs, rainfall for Awsi Rasu Zone (Zone 1), Kilbet Rasu Zone (Zone 2), Fantenu Rasu Zone (Zone 4) and Hari Rasu Zone (Zone 5) in Afar is above average for the period shown. October, November and December are normally the dry season in Afar Region.





Oromiya Region
Borena Zone

Note that rains are expectedly low. However, they are still above normal for the year. The southern Oromiya pastoral areas are just starting the short rainy season, so look for rains to improve.

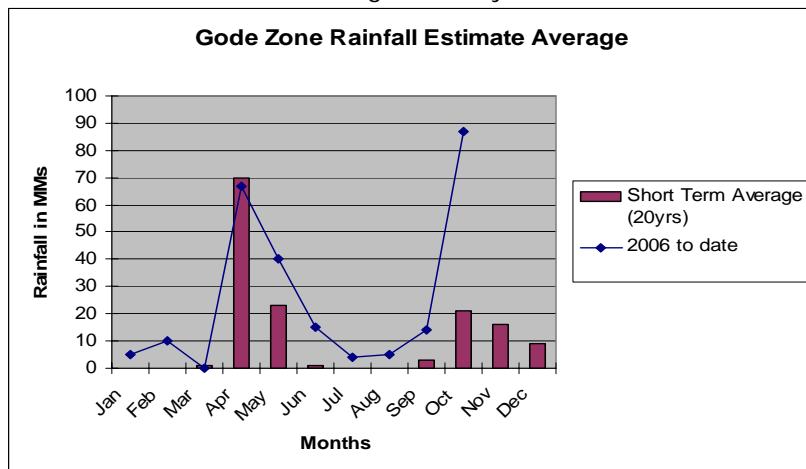


Somali Region

Please note that southern Somali Region is starting the short rainy season. So look for the rains to improve.

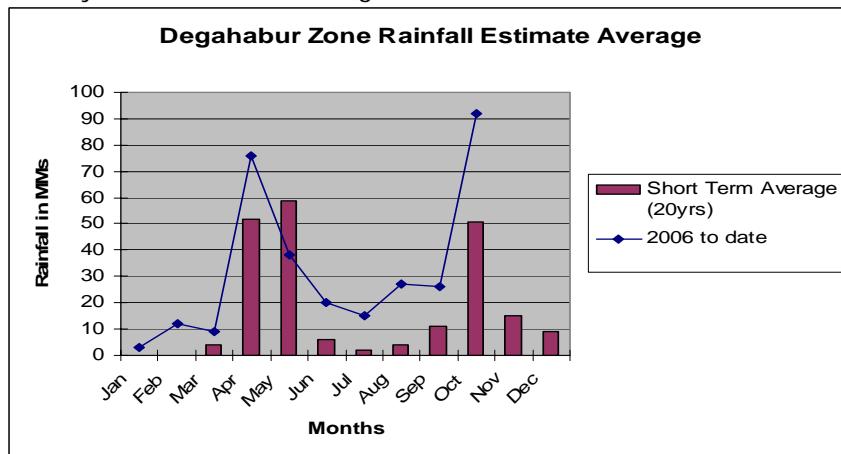
Gode Zone

Please note that rainfall remains above average for the year.



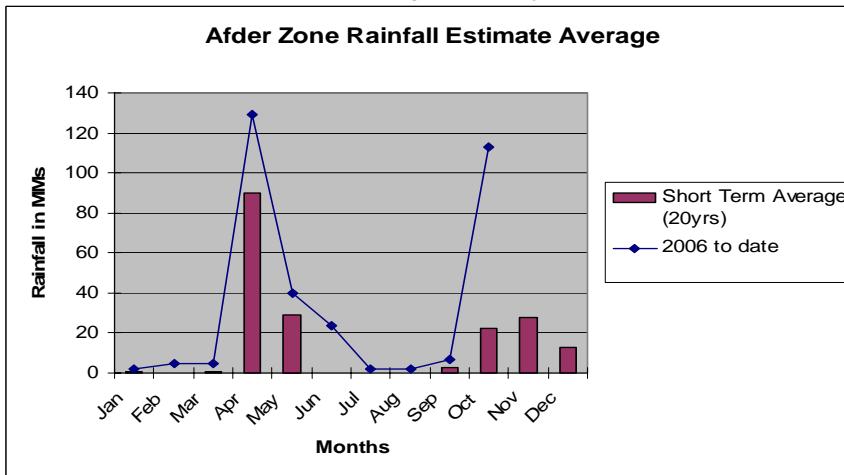
Degahabur Zone

The rainfall for the year is still above average to date.



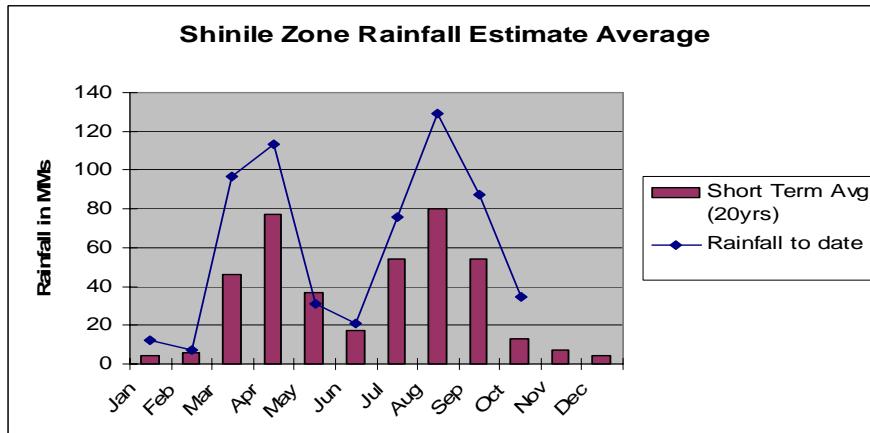
Afder Zone

Please note that the rainfall is still above average for the year to date.



Shinile Zone

Rainfall for the year is above normal. However, rainfall should reduce as the rainy season is ending.



1.1.2 Field Level Assessment

Livestock Early Warning System (LEWS)

This data was taken from the Global Livestock Early Warning System site. LEWS assessments are made from data collected from each of sites monitored. LEWS monitors over 500 sites in East Africa (soil, plant communities, grazer population and movement patterns etc). **Please note** that the only remote sensed data used is daily rainfall and temperature, if reliable rainfall and temperature data from each site are not available.

The forage projections indicate the forage status for Somali Region, Oromia Region and Afar Region. Please visit: <http://glews.tamu.edu>

Ethiopia Somali Region GLEWS Estimates

No	Area	Zone	Site Name	Date of Prediction	Standing Crop		Current		Projected Deviation from Historical (%)		
					Current (kg/ha)	Average (kg/ha)	Deviation (%)	Status	30-day	60-day	90-day
1	Somali	Dolo Ado	Amino	2006-10-31	677	1117	-39.4	Warn	-41.0	-35.4	-32.9
2	Somali	Aysha	Aysha	2006-10-31	743	786	-5.4	Watch	-7.9	-9.2	-8.1
3	Somali	Kelafo	Dabakatur	2006-10-31	262	366	-28.3	Warn	-33.7	-33.5	-34.2
4	Somali	Gashamo	Daror	2006-10-31	478	422	13.4	Normal	16.1	14.5	21.1
5	Somali	Bare	Daraye	2006-10-31	1028	1095	-6.1	Watch	-2.7	-3.3	-4.9
6	Somali	Fafan	Fafan	2006-10-31	1321	1405	-6.0	Watch	-7.2	-6.4	-7.0
7	Somali	Harshin	Faraha	2006-10-31	1798	1589	13.1	Normal	14.3	17.7	24.4
8	Somali	Liben	Filtu	2006-10-31	1661	1307	27.1	Above Normal	23.8	21.6	17.6
9	Somali	Shinile	Gaad	2006-10-31	887	960	-7.6	Watch	-5.9	8.0	-1.7
10	Somali	Gashamo	Gashan	2006-10-31	539	504	6.9	Normal	4.6	6.4	2.5
11	Somali	Dembel	Goba	2006-10-31	1268	1193	6.3	Normal	6.0	9.0	9.7
12	Somali	Chereti	Guradhamole	2006-10-31	634	599	5.7	Normal	10.3	11.6	13.0
13	Somali	Chereti	Hargele	2006-10-31	1383	1113	24.2	Above Normal	25.4	24.8	21.7
14	Somali	Chereti	Jalangawi	2006-10-31	1389	1106	25.6	Above Normal	24.7	19.7	17.2
15	Somali	Dolobay	Jimbaley	2006-10-31	802	693	15.7	Normal	17.1	14.1	14.3
16	Somali	DoloOdo	Kalagur	2006-10-31	1179	1019	15.7	Normal	14.1	8.6	1.0
17	Somali	Aware	Langerta	2006-10-31	411	378	8.8	Normal	6.9	7.1	6.8
18	Somali	Dire Dawa	Lasdere	2006-10-31	493	424	16.3	Normal	17.0	28.4	23.4
19	Somali	Shinile	Milo	2006-10-31	705	816	-13.6	Watch	-16.4	-17.4	-18.3
20	Somali	Kelafo	Rorow	2006-10-31	1164	1008	15.5	Normal	17.0	15.6	13.2
21	Somali	Chereti	Sanqotor	2006-10-31	989	781	26.7	Above Normal	26.3	15.4	21.3
22	Somali	Afder	Sarman Godusbo	2006-10-31	689	715	-3.7	Watch	-7.6	-8.3	-6.0
23	Somali	Gashamo	Shabele	2006-10-31	278	254	9.6	Normal	17.2	26.6	21.1
24	Somali	Ayesha	Ugaas	2006-10-31	624	627	-0.4	Watch	-1.8	8.3	-1.8

Ethiopia Borena Zone GLEWS Estimates

No	Area	Zone	Site Name	Date of Prediction	Standing Crop		Current		Projected Deviation from Historical (%)		
					Current (kg/ha)	Average (kg/ha)	Deviation (%)	Status	30-day	60-day	90-day
1	Borena	Yabelo	Hagare Mariam	2006-10-31	1392	1139	22.3	Above Normal	20.9	15.1	8.4
2	Borena	Yabelo	Hagare Mariam	2006-10-31	1891	1631	15.9	Normal	14.6	10.0	6.3
3	Borena	Yabelo	Hagare Mariam	2006-10-31	1784	1597	11.7	Normal	7.6	3.2	-1.9
4	Borena	Yabelo	Hagare Mariam	2006-10-31	2136	1999	6.9	Normal	4.4	0.1	-2.0
5	Borena	Yabelo	Hagare Mariam	2006-10-31	1335	1016	31.4	Above Normal	34.1	28.5	20.9
6	Borena	Dire	Mega	2006-10-31	2230	2189	1.9	Normal	-1.6	-21.1	-6.7
7	Borena	Arero	Mega	2006-10-31	1667	1614	3.3	Normal	-2.0	-3.8	-5.6
8	Borena	Dire	Mega	2006-10-31	1399	1349	3.7	Normal	1.8	-2.9	-2.1
9	Borena	Dire	Mega	2006-10-31	1390	1342	3.6	Normal	-1.1	-3.8	-6.2
10	Borena	Dire	Mega	2006-10-31	1703	1539	10.7	Normal	11.1	1.4	5.7
11	Borena	Dire	Mega	2006-10-31	1780	1679	6.0	Normal	1.7	-0.8	-1.0
12	Borena	Dire	Mega	2006-10-31	1572	1430	9.9	Normal	2.4	0.1	-1.0
13	Borena	Dire	Mega	2006-10-31	1448	1336	8.4	Normal	1.6	-5.3	-3.9
14	Borena	Dire	Mega	2006-10-31	901	953	-5.5	Watch	-10.3	-5.6	-7.0
15	Borena	Moyale	Moyale	2006-10-31	1309	1416	-7.6	Watch	-9.9	-37.4	-12.7
16	Borena	Moyale	Moyale	2006-10-31	950	1085	-12.4	Watch	-14.7	-22.3	-15.9
17	Borena	Moyale	Moyale	2006-10-31	940	1007	-6.7	Watch	-9.8	-30.4	-14.9
18	Borena	Moyale	Moyale	2006-10-31	1767	1933	-8.6	Watch	-11.8	-36.2	-19.7
19	Borena	Moyale	Moyale	2006-10-31	1581	1739	-9.1	Watch	-11.4	-35.5	-17.3
20	Borena	Moyale	Moyale	2006-10-31	1499	1481	1.3	Normal	-1.6	7.6	-6.0
21	Borena	Moyale	Moyale	2006-10-31	675	753	-10.4	Watch	-16.7	-15.9	-20.2
22	Borena	Moyale	Moyale	2006-10-31	842	931	-9.5	Watch	-12.3	-21.4	-15.8
23	Borena	Yabelo	Yabello	2006-10-31	1455	1321	10.1	Normal	8.2	11.4	-0.2
24	Borena	Yabelo	Yabello	2006-10-31	1386	1233	12.3	Normal	11.8	16.8	2.8
25	Borena	Yabelo	Yabello	2006-10-31	1423	1208	17.8	Normal	14.4	10.6	3.1
26	Borena	Yabelo	Yabello	2006-10-31	1215	978	24.3	Above Normal	24.2	19.4	8.9
27	Borena	Yabelo	Yabello	2006-10-31	1195	1002	19.3	Normal	17.6	12.6	7.4
28	Borena	Yabelo	Yabello	2006-10-31	1520	1395	8.9	Normal	7.6	13.1	0.3
29	Borena	Yabelo	Yabello	2006-10-31	1063	966	10.1	Normal	8.9	7.6	1.5
30	Borena	Yabelo	Yabello	2006-10-31	1229	1128	8.9	Normal	5.7	1.4	-3.4

Ethiopia Afar GLEWS Estimates

No	Area	Zone	Site Name	Date of Prediction	Standing Crop		Current		Projected Deviation from Historical (%)		
					Current (kg/ha)	Average (kg/ha)	Deviation (%)	Status	30-day	60-day	90-day
1	Afar	Amibara	Awashishit	2006-10-31	1754	1591	10.2	Normal	11.4	13.7	17.2
2	Afar	Amibara	Amibara	2006-10-31	619	597	3.7	Normal	2.3	-0.2	8.2
3	Afar	Amibara	Amibara	2006-10-31	154	177	-13.1	Watch	-19.5	-7.8	-14.3
4	Afar	Amibara	Amibara	2006-10-31	2498	2364	5.7	Normal	8.0	9.7	11.5
5	Afar	Amibara	Amibara	2006-10-31	623	586	6.4	Normal	7.7	9.8	10.8
6	Afar	Amibara	Amibara	2006-10-31	3969	3216	23.4	Above Normal	24.1	27.3	41.9
7	Afar	Buri Moda	Buri Modayit	2006-10-31	782	1705	-54.1	Alert	-64.7	-81.7	-99.8
8	Afar	Dewe	Dewe	2006-10-31	1847	1644	12.3	Normal	10.5	13.4	15.8
9	Afar	Dewe	Dawe	2006-10-31	882	991	-11.0	Watch	-10.4	29.1	16.2
10	Afar	Dewe	Dawe	2006-10-31	1713	1677	2.1	Normal	0.6	8.2	13.8
11	Afar	Dewe	Dawe	2006-10-31	1176	1337	-12.0	Watch	-15.9	-19.6	-22.3
12	Afar	Dewe	Dawe	2006-10-31	1669	1668	0.1	Normal	-3.5	-4.2	2.9
13	Afar	Dewe	Dawe	2006-10-31	2459	2344	4.9	Normal	4.0	4.8	10.4
14	Afar	Dubti	Dubti	2006-10-30	353	530	-33.4	Warn	-25.8	-23.9	-25.2
15	Afar	Gewane	Gewane	2006-10-31	2063	2001	3.1	Normal	0.7	1.6	5.9
16	Afar	Gewane	Gewane	2006-10-31	4101	4096	0.1	Normal	-2.0	-3.4	1.1
17	Afar	Gewane	Gewane	2006-10-31	2700	2401	12.4	Normal	11.9	18.0	30.9
18	Afar	Gewane	Gewane	2006-10-31	1594	1735	-8.1	Watch	-9.6	-11.1	-10.8
19	Afar	Gewane	Gewane	2006-10-31	4316	4045	6.7	Normal	4.2	4.3	14.6
20	Afar	Mille	Mille	2006-10-31	2205	2179	1.2	Normal	1.0	0.3	2.9
21	Afar	Mille	Mille	2006-10-31	2587	2481	4.3	Normal	3.2	2.4	4.8
22	Afar	Chifra	Mille	2006-10-31	3394	3040	11.6	Normal	11.4	14.2	22.9
23	Afar	Mille	Mille	2006-10-31	1613	1668	-3.3	Watch	-2.9	-1.6	-0.4
24	Afar	Mille	Mille	2006-10-31	2077	2082	-0.3	Watch	1.9	2.2	5.4
25	Afar	Mille	Mille	2006-10-31	600	731	-18.0	Watch	-19.8	-19.0	-20.8
26	Afar	Dubti	Gayani	2006-10-30	393	546	-28.0	Warn	-26.3	-27.8	-28.1
27	Afar	Mille	Mille	2006-10-31	408	457	-10.8	Watch	-9.8	-7.1	-6.9
28	Afar	Telalak	Telalak	2006-10-31	536	553	-3.0	Watch	1.3	0.3	-0.0
29	Afar	Telalak	Telalak	2006-10-31	881	834	5.7	Normal	13.2	10.4	17.2
30	Afar	Telalak	Telalak	2006-10-31	1248	1096	13.9	Normal	13.8	18.5	18.6

1.1.3 Market Information

Oromia Region

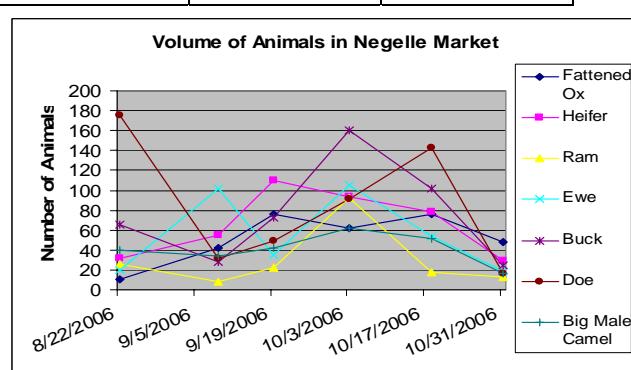
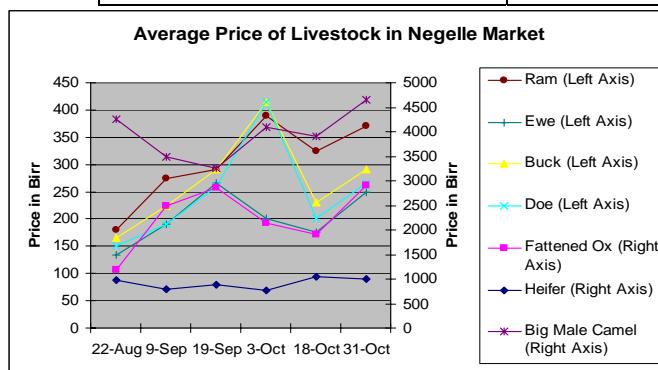
Guji Zone

Negelle Market

October 31st, 2006

Please note the drop in the volume of animals in the market and the overall rise in prices.

Types of Animals	Animals offered	Animals sold	Price range (birr)	Average price
Cattle				
Fattened ox (Senga)	48	32	2800-3000	2900
Bull (4 and above years old)	21	12	1500-2000	1750
Steer (young bull 2-3 years old)	56	27	1800-2000	1900
Steer (young bull 2-3 years old)	61	64	1000-1500	1250
Fattened infertile cow(Messina)	13	8	1800-2200	2000
Dry cow	18	2	800-1200	1000
Heifer (> 2 years)	29	24	900-1100	1000
Male calf (<than 2 years)	22	9	800-1000	900
Female calf (< 2 years)	17	10	700-900	800
Sheep				
Castrated (fattened)	11	6	400-450	425
Ram	13	5	350-390	370
Ewe	19	9	200-300	250
Young male	23	20	180-200	190
Young female	20	3	150-180	165
Goat				
Castrated (fattened)	18	8	350-400	375
Buck	25	9	280-300	290
Doe	16	10	250-280	265
Young male	23	20	180-200	190
Young female	20	3	150-180	165
Camel				
Male				
Big size	16	6	4500-4800	4650
Medium size	22	12	3500-4200	3850
Small size	14	9	2000-2500	2250
Female				
Big size	12	10	3500-4000	3750
Medium size	10	8	3000-3400	3200
Small size	8	6	1800-2000	1900



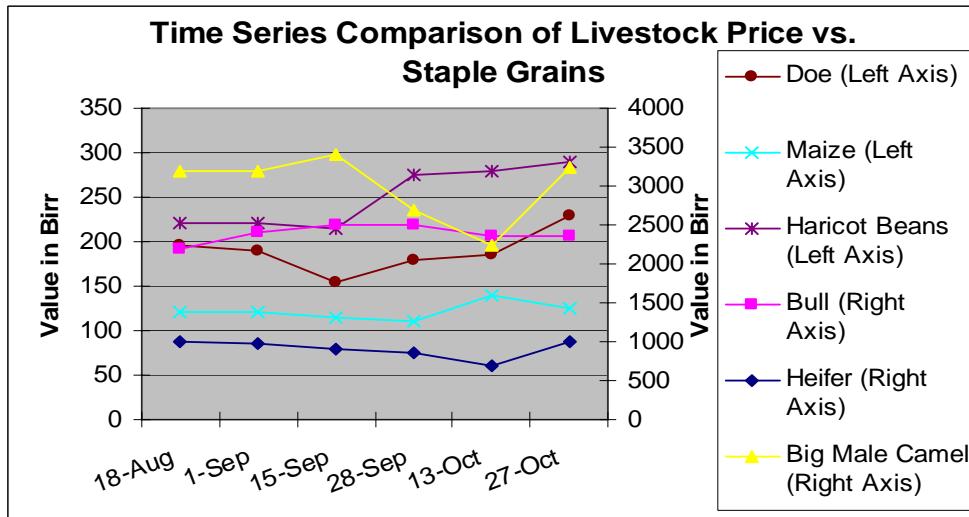
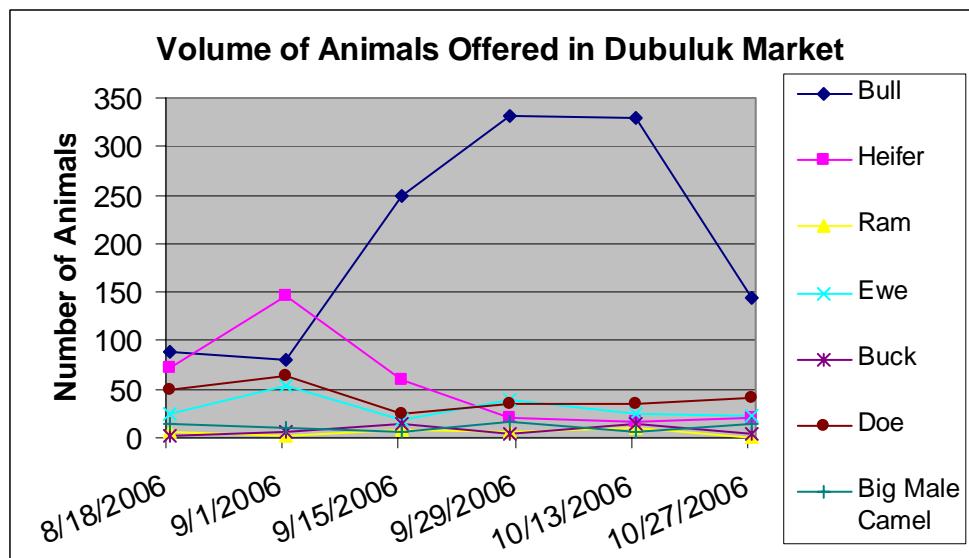
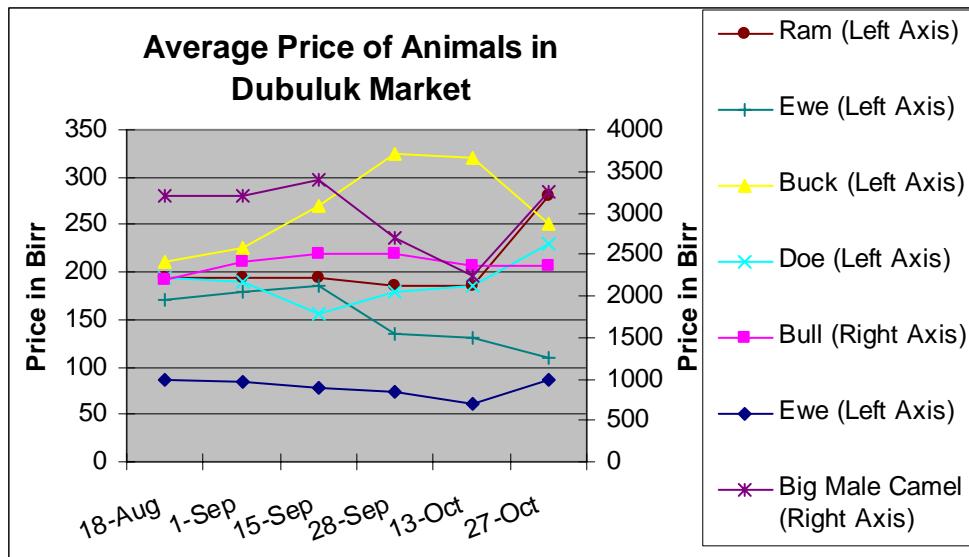
Borena Zone

Dubuluk Market

October 27th 2006

The body condition of animals was good. Supply of cattle decreased, but supply of camels steady. Shoats are 6 birr/kg.

Types of Animals	Animals offered	Animals sold	Price range (birr)	Average price
Cattle				
Fattened ox (Senga)	-	-	-	-
Non fattened ox	8	4	1300-1450	1375
Bull(4 to 5 years old)	144	119	2000-2700	2350
Steer (young bull 2-3 years old)	548	504	1000-1100	1050
Fattened infertile cow (Messina)	4	4	1250-1350	1300
Dry cow	120	115	800-1250	1025
Heifer (> 2 years)	20	15	950-1050	1000
Male calf (<than 2 years)	68	54	500-600	550
Female calf (< 2 years)	7	4	500-700	
Sheep				
Castrated (fattened)	-	-	-	-
Ram	1	1	280	280
Ewe	22	22	100-120	110
Young male	16	15	95-125	110
Young female	4	4	90-120	100
Goat				
Castrated (fattened)	6	3	200-250	225
Buck	4	4	200-300	250
Doe	42	40	160-300	230
Young male	40	40	100-130	115
Young female	22	19	100-125	113
Kid	-	-	-	-
Camel				
Male				
Big size	15	10	3000-3500	3250
Medium size	7	4	2200-2600	2400
2	2	2	750-900	825
Female				
Big size	2	1	2000-2400	2200
Medium size	1	1	2000-2600	2300
Small size	1	1	1100-1250	1175



Afar Region

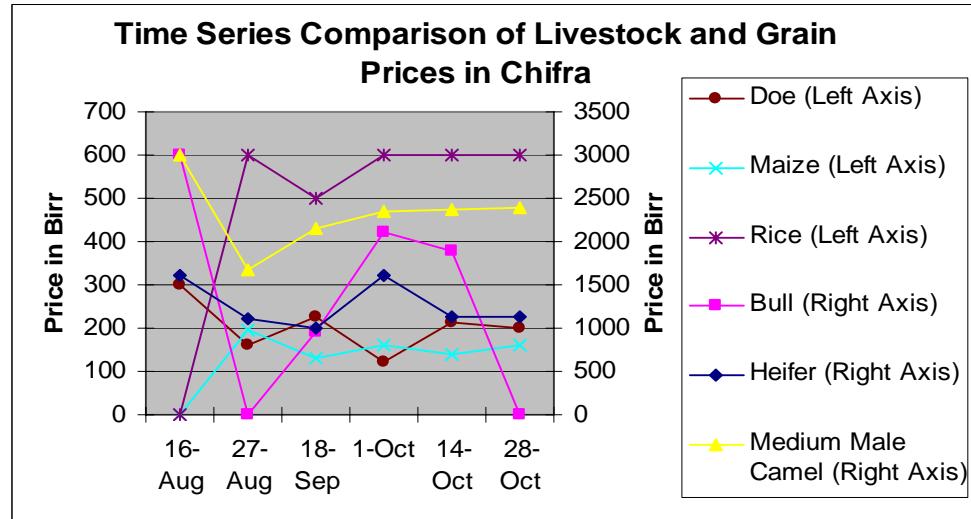
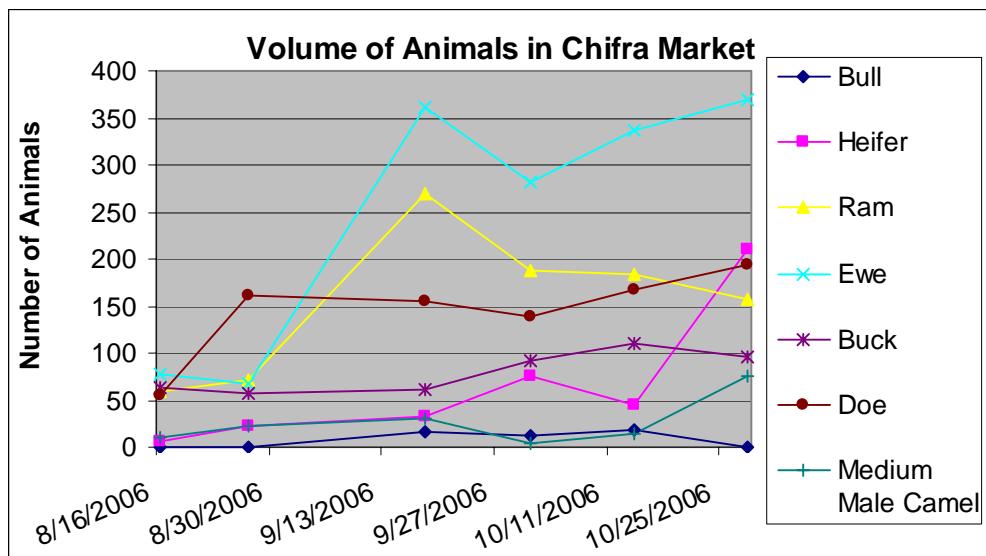
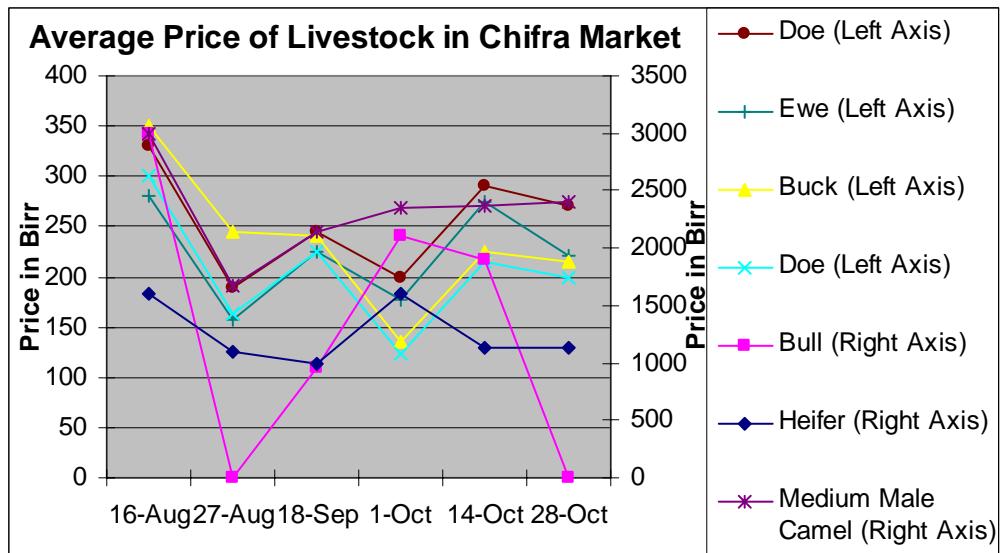
Awsi Rasu Zone (Zone 1)

Chifra Market

October 28th, 2006

Animals are noted to be in good condition. There is slightly less demand for shoats.

Types of Animals	Animals offered	Animals sold	Price range (birr)	Average price
Cattle				
Fattened ox (Senga)	3	-	2800-3000	2900
Non fattened ox	10	2	2000-2500	2250
Bull(4 to 5 years old)	-	-	-	-
Steer (young bull 2-3 years old)	26	8	950-1150	1050
Fattened infertile cow (Messina)	29	6	1600-1800	1700
Dry cow	493	296	1500-1800	1650
Heifer (> 2 years)	210	63	1100-1150	1125
Male calf (<than 2 years)	147	34	650-850	750
Female calf (< 2 years)	5	-	800-1000	900
Sheep				
Castrated (fattened)	10	7	300-320	310
Ram	158	112	260-280	270
Ewe	369	257	200-240	220
Young male	231	138	130-150	140
Young female	84	40	150-160	155
Kid	210	157	70-95	85
Goat				
Castrated (fattened)	6	4	280-300	290
Buck	96	67	190-240	215
Doe	193	135	180-220	200
Young male	173	104	130-160	145
Young female	38	12	160-180	170
Kid	142	110	60-80	70
Camel				
Male				
Big size	22	4	3000-3500	3250
Medium size	76	25	2300-2500	2400
Small size	95	12	1300-1800	1550
Female				
Big size	-	-	-	-
Medium size	10	-	2400-2800	2600
Small size	7	-	1500-1700	1600



Somali Region

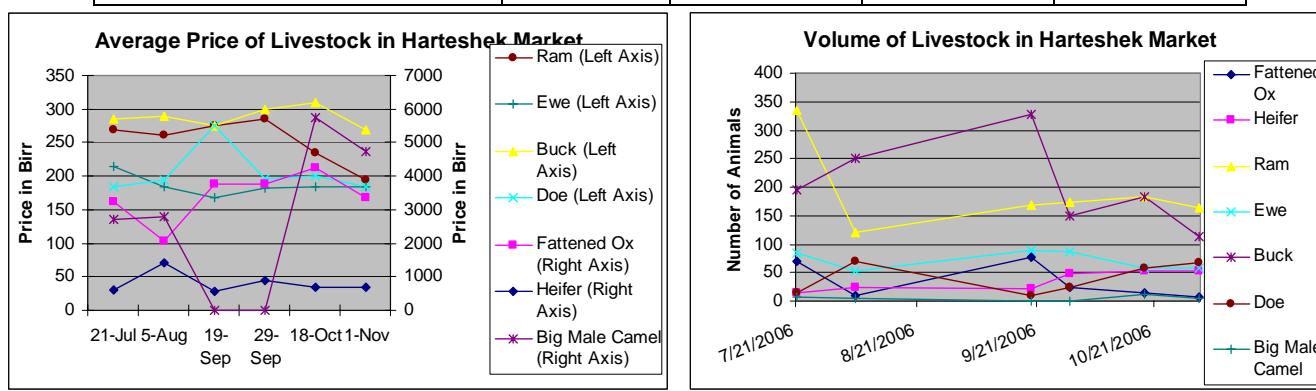
Jijiga Zone

Harteshek Market

November 1st, 2006

It was noted that the physical condition of animals was good. The demand for sheep in the market is high.

Types of Animals	Animals offered	Animals sold	Price range (birr)	Average price
Cattle				
Fattened ox (Senga)	8	3	3000-3700	3350
Bull(4 to 5 years old)	-	-	-	-
Steer (young bull 2-3 years old)	8	3	3000-3700	3350
Fattened infertile cow (Messina)	32	17	1550-1600	1575
Dry cow	52	27	850-950	900
Heifer (> 2 years)	54	21	650-700	675
Sheep				
Castrated (fattened)	133	97	230-320	275
Ram	163	127	170-220	195
Ewe	58	36	170-200	185
Young male	102	96	120-130	125
Young female	40	18	110-130	120
Goat				
Castrated (fattened)	187	143	220-320	270
Buck	114	98	220-250	235
Doe	67	57	180-190	185
Young male	83	69	180-200	190
Young female	47	18	130-150	140
Kid	-	-	-	-
Camel				
Male				
Big size	5	2	4000-5500	4750
Medium size	13	6	1600-2400	2350
Small size	-	-	-	-
Female				
Big size	3	1	2800-2900	2850
Medium size	9	3	2200-2500	2350
Small size	10	7	1600-1800	1700



2. Editorial

Possible Venues for Commercial Destocking and Livestock Marketing

In the news and updates section is an excerpt from the latest issue of the Economist on Muhammad Yunus winning the Nobel peace prize for his work on micro lending. The article highlights the fundamental tenants and successes of Mr. Yunus' approach to micro lending as well as its drawbacks. The most salient point is that the poor are deemed creditworthy i.e. those without collateral. Indeed, with pastoralists, banks do not recognize livestock as collateral for a variety of reasons. This makes obtaining loans through traditional, formal channels, impossible unless livestock traders and/or groups have collateral.

How to provide credit to pastoralists, livestock cooperatives and/or traders in Ethiopia, given the existing constraints, remains to be determined. Banks have the ability to loan larger sums of money, but have limited presence in remote areas of Ethiopia and are averse to lending to pastoralists, pastoralist cooperatives and small scale traders who they see as having no collateral. Microfinance institutions also lack extensive presence in pastoral areas, but have a better track record of dispersing and managing loans in a rural, developmental context with poorer clients. Microfinance institutions are also constrained by lack of experience with dispersing and managing larger sized loans and it is uncertain whether the current policy climate would allow microfinance institutions to lend on a larger scale that is required. One possible avenue, as indirectly suggested in the article, is for cooperatives to accumulate the base amount of capital needed through their members as savings and use that as the seed capital. However, this scheme may not work for traders further up the value chain as they might not be working on a group basis.

Lending money to pastoralists, cooperatives as well as small, medium and large traders for livestock marketing or other financial activities may not be 'microfinance' per se.² Livestock marketing in particular requires medium to large amounts of capital which are tied up for long periods of time under non-emergency circumstances as livestock are purchased, transported, held, most likely fattened and then finally sold/exported. Not to mention the time taken to receive payment and/or waiting for favorable market conditions. This process can take months, with no return until the livestock are sold. While it is assumed that local livestock marketing cooperatives and small scale traders would purchase and sell livestock quickly in an emergency to facilitate commercial destocking, the loan recovery period may be even longer under emergency conditions if large scale traders/exporters are buying drought affected cattle to fatten and export.³ The Ethiopian Insurance Company has an insurance scheme for institutions making loans to livestock traders, this insurance scheme assumes periodic repayments, as does Mr Yunus' Grameen model, which may not be practical in pastoral and livestock marketing contexts.

In order to create a sustainable loan program for livestock traders in emergency and non-emergency times as well as for other activities the key issue, especially for cooperatives and small scale traders, is finding a way to lend to those without collateral in the traditional sense. As with Grameen, a peer pressure mechanism maybe needed to insure repayment. Or, perhaps, traditional banks could deepen their understanding of the livestock industry and pastoralism and come up with mechanisms to dispose of livestock in the private sector if need be.

The assumption for livestock marketing is that if it can be opened up for cooperatives and small/medium scale traders who lack traditional forms of collateral, competition and the ability to access more livestock located in remote areas will drive more benefit down to the pastoralists. Expanded financial services could also help pastoralists/cooperatives in other activities as well. Profiting from livestock marketing, however, assumes that a market exists for animals purchased.

² The smallest loan amount given to a cooperative under the ACDI/VOCA Emergency Livestock Off-take Facilitation Fund (ELOFF) to livestock marketing cooperatives in pastoral areas was roughly equivalent to \$4,000 and the largest loan to Nazareth based traders was \$50,000.

³ During the previous drought a USAID funded loan scheme for emergency livestock off-take was established through the Commercial Bank of Ethiopia, but not utilized. However, this scheme should be available in case of another drought.

3. News and Information Updates

Face Value: Macro Credit⁴

For many supporters of Muhammad Yunus and the institution he created, the Grameen Bank of Bangladesh, the announcement that the two will share a Nobel peace prize is long overdue-the only surprise is that it was so long in coming. The selection committee said the prize was for developing what "had appeared to be an impossible idea", namely loans to people who lacked collateral.

Mr. Yunus and Grameen succeeded by seizing an idea, expanding quickly, proselytizing and resisting the temptation to move beyond the poor. By legend, Grameen grew out of a \$27 loan Mr. Yunus made in 1974 to a woman manufacturing furniture who did have credit, but at an exorbitant price. Grameen emerged soon thereafter, based on several key operational techniques: loans were made to individuals but through small groups who in effect (if not explicitly) had joint liability; the loans were for business, not consumption; and collection was frequent, usually weekly. Interest charges were significant-the money was not aid, and a fundamental tenet of Grameen is that the poor are creditworthy-but the rates were relatively low (currently just above 20%).

This approach had virtues and limitations. Low rates and lower savings (except as a back-up for repayment) meant that in its early years, Grameen relied on capital from public and private donors- something that less charismatic or connected entrepreneurs than Mr. Yunus found hard to replicate. Joint liability for loans became an increasing problem for groups when some members wanted to borrow more than others. And it was unclear whether the money received really did always go to business, rather than daily needs. A deeper question is just how helpful such tiny loans really are. Heart-warming case studies abound, but rigorous analyses are rare. The few studies that have been done suggest the loans are beneficial, but not dramatically so.

Credit where credit's due

The classic Grameen model began to fray in the 1990s and hit a wall in 1998, when a devastating flood pushed up losses and people began missing payment meetings. Mr. Yunus was no doubt familiar with microfinance innovations in other countries: BRI in Indonesia had transformed itself from a wreck into a huge success by emphasizing savings, not credit, and other institutions had abandoned group lending (deposits now exceed loans) and relying less on joint liability for groups.

Institutions continue to emerge and grow, many funded by private capital and seeking a real return, an approach Mr. Yunus opposes. They often begin by charging higher rates than Mr. Yunus considers legitimate, but cut prices when their returns draw competitors-a tough but theoretically more supple model. Microfinance would also benefit from a voluntary regulatory structure to reduce transaction costs. The Nobel, and its recognition of microfinance's most charismatic cheerleader, may mark the end of an era as a more mature industry starts to emerge.

The grim picture of pastoralists' life⁵

By the time the October rains arrived last week, five of the 13 heads of family in the village of Magado, a tiny isolated community of herdsman deep in the arid bush of southern Ethiopia had hanged themselves, tormented by the loss of their cattle and livelihoods. This story was published in the October 24 issue of The Independent.

Humanitarian aid to Africa has grown almost six-fold in the past eight years from \$946 to \$5.6bn. Magado's share of this windfall came too late.

⁴ The Economist. October 21st-27th, 2006. Pg. 78.

⁵ The Reporter. Vol. XI No. 529, Saturday 28, 2006. Pg. 9 & 18.

No one in Magado has died from starvation. In March, long after the cattle were beyond salvation, emergency food aid arrived which kept the pastoralists alive, if only to survey the destruction of their livelihood during what they call the ola, or dry period.

The village is grim proof of what an increasing number of experts say is an international community failing to provide help when it is needed most. Across the Borena lands, it is estimated that 150,000 cows have died, at least two-thirds of the entire stock.

Ms. (Galamo) Dima said: "The aid came too late for us. We were provided with livestock feed. But there were no animals to give it to. They were already dead. Yes, we have survived. But because we have lost our source of income, we can no longer send our children to school. It has been a terrible time. We have lost people and animals."

So why was not more done to ensure this vast asset was preserved after the alarm about an impending drought was raised in December 2005? The British arm of one of the world's largest development charities, Care International, says it is due to an aid system which responds only when an emergency is at its height, and relies too heavily on distributing food. A report by Care UK, Living on the Edge, estimates 120 million people in sub-Saharan Africa, such as the Borena, are needlessly facing a permanent state of humanitarian emergency.

Figures from the London-based think-tank, the Overseas Development Institute, show nearly 80 percent of appeals for food aid in the country were met by donors this year. But just 35 percent of requests for non-food aid - amounting to \$110m - actually received money. In 2004, the US government provided \$500m of food aid to Ethiopia, compared to \$4m to be spent on long-term development aid.

Cary Farley, the head of Care's pastoral livelihoods initiative in Ethiopia, said: "There is a vast untapped market at home and abroad for meat and pastoralists can provide. We are talking about developing a very sizable trade system which will provide a cash income to the pastoralists that will insure them against future droughts. The problem is that they have never wanted to sell any more than one or two cows in a single year to buy the most vital items."

There are early signs of success. Some such as Galamo Dima say the time has come to change and the people of Magado will sell any surplus cows from the new her they hope to develop. Aid agencies estimate that about 5,000 animals are now being sold each week from the Borena region to traders from Addis Ababa for export to markets in Yemen, Dubai and Egypt.⁶

Pastoral Livestock Marketing in Eastern Africa⁷

An excellent new book has just been released on Livestock Marketing in East Africa by John McPeak and Peter D. Little. As the back jacket of the cover suggests, the book provides recent, academic, evidence as to how the livestock market is functioning in East Africa. The book approaches the subject from a number of disciplines, including economics and anthropology. Issues are examined at a variety of levels, local, national and international. For more information, please check out:

http://www.amazon.com/Pastoral-Livestock-Marketing-Eastern-Africa/dp/1853396311/sr=1-2/qid=1162105538/ref=sr_1_2/002-5064434-6412827?ie=UTF8&s=books

⁶ Due to an outbreak of FMD and Lumpy Skin disease Egypt is no longer accepting cattle from Ethiopia.

⁷ McPeak, John and Peter D. Little. "Pastoralist Livestock Marketing in Eastern Africa" Intermediate Technology Development Group Publishing (2006).

4. Classifieds

Goro Darara Livestock Cooperative in Haraquallo Liben District, Guji Zone has shoats and other livestock available. For more information, please contact Did Boru at: didboru@yahoo.com or 046-445-0511.

Darman Union in Jijiga town, Jijiga Zone has shoats for sale. The can be contacted at 0915-744064/0915-741097/0911-406176 or 025-775-7017.

Barwako Multipurpose Cooperative in Jijiga town, Jijiga Zone has shoats for sale. They can be contacted at 0915-74-19-04.

Tawakal Livestock Trade Cooperative in Harshin Woreda, Jijiga Zone has 92 shoats available. Please contact 025-117-00-64.

Al-Najah Livestock Trade Cooperative in Harshin Woreda, Jijiga Zone has 121 shoats available. Please contact 025-117-00-64.

Nagaad Livestock Trade Cooperatives in Harshin Woreda, Jijiga Zone has 40 sheep available. Please contact 025-117-00-64.

Tawakal Amud Duale Multipurpose Cooperative in Degahabur Zone has 275 sheep available. Please contact 025-115-00-95.